



**THE ATTORNEY GENERAL
OF TEXAS**

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AUSTIN, TEXAS 78711

June 11, 1969

The Honorable W. Sale Lewis
Savings and Loan Commissioner
of Texas
Austin, Texas 78711

Opinion No. M-414

Re: Whether a wholly owned
Texas Corporation and
subsidiary of a parent
Savings and Loan Asso-
ciation may acquire out-
standing shares of the
Permanent Reserve Fund
Stock of another Texas
Savings and Loan Asso-
ciation.

Dear Mr. Lewis:

In your recent letter you requested this office's opinion as to whether a wholly owned Texas corporation and subsidiary of a parent Savings and Loan Association may acquire outstanding shares of the permanent reserve fund stock of another Texas Savings and Loan Association.

We understand that Oak Cliff Savings and Loan Association is a state chartered Permanent Reserve Fund Stock Association governed by the Texas Savings and Loan Act. The 8.8 Corporation is a corporation chartered under the Texas Business Corporation Act. Fort Worth Savings and Loan Association is a state chartered Permanent Reserve Fund Stock Association governed by the Texas Savings and Loan Act. The 8.8 Corporation is a wholly owned subsidiary of Oak Cliff Savings and Loan Association. Article 852a, Section 5.11 of the Texas Savings and Loan Act, Vernon's Civil Statutes, provides for the investment power of savings and loan associations and sets out specific investments, and further provides that every association shall have power to invest in such other securities or obligations which the Commissioner may approve and place on a published list. The Savings and Loan Commissioner of Texas entered an order, dated October 17, 1968, granting authority to Oak Cliff Savings and Loan Association to invest in The 8.8 Corporation.

The 8.8 Corporation entered into a contract to acquire a minimum of 200,000 shares of the outstanding permanent reserve fund stock of Fort Worth Savings and Loan Association. Article 2.02 (7) of the Texas Business Corporation Act, Vernon's Civil Statutes, provides that each corporation shall have power:

"To purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, mortgage, lend, pledge, sell or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of, other domestic or foreign corporations, associations, partnerships, or individuals, or direct or indirect obligations of the United States or of any other government, state, territory, government district, or municipality, or of any instrumentality thereof."

Accordingly, The 8.8 Corporation has the power to acquire the outstanding shares of permanent reserve fund stock of Fort Worth Savings and Loan Association.

Article 852a, Section 11.01 of the Texas Savings and Loan Act, Vernon's Civil Statutes, provides as follows:

"Savings associations, the officers, employees, or agents, savings accounts and the permanent reserve fund stock thereof, and the sale, issuance, or offering of savings accounts and permanent reserve fund stock of any association or Federal savings and loan association are hereby exempted from all provisions of law of this state, other than this Act, which provide for supervision, registration or regulation in connection with the sale, issuance or offering of securities, and the sale, issuance or offering of any such accounts or stock shall be legal without any action or approval whatsoever on the part of any official, other than the Commissioner, authorized to license, regulate or supervise the sale, issuance or offering of securities."

There are no provisions in the Texas Savings and Loan Act which regulate or supervise the sale, issuance or offering of securities other than Section 11.01 and Section 10.03 which requires approval by the Savings and Loan Commissioner of any plan of reorganization, merger, or consolidation with another association or Federal association. Accordingly, The 8.8 Corporation may acquire outstanding shares of the permanent reserve fund stock of Fort Worth

Honorable W. Sale Lewis, page 3 (M-414)

fund stock of Fort Worth Savings and Loan Association.

S U M M A R Y

The 8.8 Corporation may acquire outstanding shares of the permanent reserve fund stock of Fort Worth Savings and Loan Association.

Yours very truly,



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